

**NEW HAMPSHIRE INSURANCE DEPARTMENT  
21 SOUTH FRUIT STREET SUITE 14  
CONCORD, NH 03301**

**INSURANCE LAW CHANGES FOR CALENDAR YEAR 2005**

- ***Payment by Electronic Funds Transfer (EFT)***

RSA 400-A:32-b Requires payment by electronic funds transfers in certain circumstances.

Chapter 248 of the Laws of 2005 added the following provisions to the Insurance Code effective January 1, 2006 and following:

“Insurers shall remit taxes by electronic funds transfer according to the following schedule:

- I. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$40,000** or more, effective January 1, 2006.
- II. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$30,000** or more, effective January 1, 2007.
- III. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$20,000** or more, effective January 1, 2008.”

The tax liability for calendar year 2005 is contained on Page 3, Line 26 of the property and casualty premium tax form. To be considered timely, the tax payment must be deposited into the Insurance Department’s EFT bank account on or before the payment due date.

***For purposes of this law, “group” is defined as all companies included within the NAIC Group Code.***

- ***RSA 400-A:32-a Timely mailing provision***

Claims for timely mailing must be supported by “...***the post office cancellation mark stamped upon the envelope or other appropriate wrapper...***” If the payment is not received or the cancellation mark is “...illegible, erroneous or omitted...,’ mail “...shall be deemed filed...if the sender establishes by competent evidence that the report...or other document ***was deposited in the United States mail on or before the due date for filing...***”

***A Pitney Bowes postal imprint does not qualify as a “post office cancellation imprint”.***

- ***Payment of Annual Statement Filing Fee***

RSA 400-A:36, II provides that “...***The insurer shall pay the fee for filing its annual statement*** as prescribed by RSA 400-A:29 at the time of filing or ***with the premium tax return, but no later than March 15<sup>th</sup>***. It is requested that companies continue to pay the filing fee with the filing of the premium tax return.

- ***Premium Tax Due Dates***

|                          |                                   |
|--------------------------|-----------------------------------|
| Premium Tax Return       | March 15 <sup>th</sup> , 2006     |
| First Estimated Payment  | March 15 <sup>th</sup> , 2006     |
| Second Estimated Payment | June 15 <sup>th</sup> , 2006      |
| Third Estimated Payment  | September 15 <sup>th</sup> , 2006 |
| Fourth Estimated Payment | December 15 <sup>th</sup> , 2006  |

**Ocean Marine tax return and tax due May 1, 2006.**

- ***Late Payment Penalty***

RSA 400-A:32 IV “Any insurer failing to file the report required by RSA 400-A:31 or failing to remit the proper tax within the time for filing shall pay a penalty equal to 10 percent on the amount of the tax due.”

***Late payment fees shall be assessed.*** Please note that the word “intentionally” has been removed from the law.

# **2005 PROPERTY & CASUALTY INSURANCE COMPANY INSTRUCTIONS**

## **GENERAL INSTRUCTIONS**

**ANNUAL STATEMENT FILING DUE DATE IS MARCH 1, 2006.**

**PREMIUM TAX RETURN DUE DATE IS MARCH 15, 2006**

**(See RSA 400-A:32-a Timely Mailing)**

The premium tax return is due NOT LATER THAN March 15, 2006. Tax returns postmarked on or before March 15, 2006, will be accepted as having been timely filed. Tax statements and tax payments postmarked after March 15, 2006, will be subject to the provisions of RSA 400-A:32, IV, which imposes a 10% penalty for filing after the due date. *Please note that a "Pitney Bowes" postal imprint does not qualify as a post office cancellation mark.*

**DO NOT SEND PREMIUM TAX FORM AND/OR CHECKS WITH THE ANNUAL STATEMENT PACKAGE**

**COMPLETE TAX FORM, FORWARD WITH PAYMENT TO:**

**NEW HAMPSHIRE DEPARTMENT OF INSURANCE  
21 SOUTH FRUIT STREET SUITE 14  
CONCORD, NEW HAMPSHIRE 03301**

**MAKE CHECKS PAYABLE TO: TREASURER, STATE OF NEW HAMPSHIRE**

**PAY IN WHOLE DOLLARS ONLY!**

### **ELECTRONIC FUNDS TRANSFER**

The Department accepts electronic funds transfers via either the ACH debit method or the ACH credit method. For those companies choosing the ACH credit method, there are no notification requirements. The company is solely responsible for insuring that the funds are in the State of New Hampshire Insurance Department EFT account on the legally due date.

### **ACH CREDIT**

There are no notification requirements for this method. If the company is switching from ACH debit to ACH credit, please notify the Department of the effective date of the switch.

### **ACH DEBIT**

For the company to use this method, the company must first file an ACH debit authorization form with the Department. Copies of these forms are available on the Department web site. In addition, the company is responsible to provide certain withdrawal information prior to each scheduled due date.

### **ESTIMATED LIABILITY \$400 OR LESS**

RSA 400-A:32,II provides that "...any authorized insurer having an estimated liability of \$100 or less for each quarter shall make payment in full on March 15..." Any company having \$400 or less in taxes due (Page 3, Line 26), must pay the total of all four estimates on March 15, 2006.

### **ALIEN CORPORATIONS**

For retaliatory purposes, "State of Domicile" as used in this refers to State of Entry.

## **LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OF 1996**

Please refer to germane portions of the law included as an appendix to these instructions.

### **SEQUENCE ORDER FOR FORMS**

The Department has added a sequence number in the upper right hand corner of each form. Please use this number to arrange the forms when assembling the premium tax return.

- #1** Page number one
- #2** Page number two
- #3** Ocean Marine tax form
- #4** State Page
- #5** Schedule T
- #6** Other deductions supporting schedules
- #7** Retaliatory Tax Computations
- #8** Workers compensation Administrative Assessment invoice
- #9** Business Enterprise Tax Form
- #13** Other Credits
- #15** Page number 3

### **ROUNDING**

The following lines on the premium tax return should be rounded to the nearest whole dollar:

Page 3, Line 15 Col 2 and 4

Page 3, Line 26

Page 3, Line 30

Estimated tax for installments due June 15, September 15, and December 15 should be made in whole dollars only.

*Cash payments should not be rounded but must be included at the actual amount paid.*

### **WHAT IS TAXABLE?**

Gross direct premiums written including renewal premiums

Policy fees

Membership and other fees

All other considerations for insurance received during the calendar year.

**Medicaid Premiums are subject to premium tax.**

Flood Insurance premiums reinsured by the Federal Government are taxable.

**ALL DEDUCTIONS FROM GROSS PREMIUMS MUST BE FULLY DOCUMENTED.**

### **DOCUMENTS REQUIRED TO BE FILED**

- 1) Schedule T for the current year.
- 2) New Hampshire State Page for the current year.
- 3) Detailed computations of any items on page two of this form.
- 4) 2004 NH Business Enterprise tax form. Do not attach Federal Income Tax Return. **Do not deduct any estimated payments that will be applied to calendar year 2005 Business Enterprise Tax.**
- 5) Copy of Workers Compensation Administrative Assessment invoice.
- 6) Documents substantiating any reduction and/or credits taken on premium tax form.

## **PAGE ONE INSTRUCTIONS**

COMPANY NAME – enter company name

BUSINESS ADDRESS – enter **complete** company address, street, city, state, zip.

TYPE OF COMPANY - enter      “P&C” for Property & Casualty  
   “RRG” for Risk Retention Group  
   “TTL” for Title Company

FEDERAL TAX ID NUMBER - enter the company’s nine digit federal tax id number

NAIC GROUP CODE - enter the company’s four digit NAIC group code

NAIC COMPANY CODE - enter the company’s five digit NAIC company code

STATE OF DOMICILE - enter the two-letter abbreviation of the company’s state of domicile.

### **PLEASE INDICATE METHOD AND AMOUNT OF TAX PAYMENT.**

If no payment is being made so indicate by placing a check mark in the NO PAYMENT box.

If payment is being made by check, indicate the amount of the check in the respective box

If payment is being made by EFT, indicate the amount of the EFT in the respective box.

PLEASE INDICATE IF THE COMPANY HAS AMENDED ITS ARTICLES OF AGREEMENT (Y/N)

PLEASE INDICATE IF THE COMPANY HAS AMENDED ITS BYLAWS (Y/N)

Complete the sworn statement and have this statement properly notarized by a notary public.

## **PAGE TWO INSTRUCTIONS**

### **LICENSING, FILING AND DOCUMENT FEES**

Include in this section fees and charges relating to the filing of the annual statement, licensing of the company, and other documents fees. Fees and assessments computed on the basis of premiums written, assets employed, or other financial measures must be included in the appropriate sections below.

### **RETALIATION**

NH retaliates on a tax for tax and fee for fee basis.

### **OTHER TAXES**

If the company’s domestic state imposes any additional fees and/or taxes upon NH companies, these fees and taxes must be included herein. Complete detailed computations must be provided.

If the company calculates retaliatory assessments and taxes on allocations other than the predetermined percentages provided by the domestic state, these allocations must have been approved and be utilized in the calculation of taxes for the domestic state to be properly used for NH filing purposes. The company should include adequate explanation with their premium tax statement.

Items to be included here:

Franchise Tax

Corporate Tax/Corporate Registration

District/Municipality Tax

County/City/Canadian Province Tax

Workers Compensation Assessments (Other than RSA 281-A:59 taken on Page 3, Line 19).

Fire Marshal Tax

Firemen’s Pension Fund

Police Pension Fund

Motor Vehicle Tax

Casualty Maintenance Tax

Other Taxes

## OTHER ASSESSMENTS

*Include all special and general assessments that are levied against NH domiciled companies operating in your domestic state. Include a copy of the assessment has made by the domiciliary state.*

Cost Containment Fees

Financial Regulation Fees

State Rating Bureau Assessments

Merit Rating Bureau Assessments

Attorney General Assessments

Fraud Assessments

Actuary

Rate Hearing Assessments

Arson Control Assessments

Line 26 -- Insurance Department Maintenance

Column two will indicate actual payments for NH assessments. Column three will indicate assessments computed as if the company had conducted its NH business in its domestic state. Enter column 3 less column 2 in column 4 but **not less than \$0.**

## Line 27 – Other Assessments

Include any other assessments that the company's domiciliary state enforces against NH companies. The company should include a copy of the assessment as received from the assessing authority.

## PAGE THREE INSTRUCTIONS

Line 1 through 3. There are three lines to include premiums that may be taxable at different rates. Use one line for each rate. If the state has only one rate, include the total premiums and the respective rate on line one. The domestic state tax should be included in column four.

Line 4. Gross Premiums (Schedule T): should agree to total schedule T premiums for this state.

Line 5. Include finance and service charges not included in premiums. This should agree with Schedule T, Column 8. Column two is taxable NH service charges, column three is domestic state rate and taxable service charges. Column four is the domiciliary state tax.

Line 6. Unallocated pertains only to NH domestic companies. NH domestics should enter the total amount of all premiums written in the United States for which a premium tax has not been paid.

Line 7. This should agree with Schedule T column 2 plus column 8.

Line 8 through 10. Lines 8 through 10 should relate to the respective lines 1 through 3. Include dividends paid or credited to policyholders for premiums included in lines 1 through 3.

Line 11. Include premiums written for the Federal Employees Health Benefits Program that are exempt from taxation. Include the amount from line 15.7 of the NH State page **net of dividends**. Include NH premiums, domestic state amount and tax rate and domestic state tax in column four.

Line 12. Include ocean marine premiums written from NH state page, line 8, net of dividends to policyholders. Include NH premiums, domestic state amount and tax rate and domestic state tax in column four

Line 13. Include all other deductions. A schedule with complete description of items and calculations must be included with this form.

Line 14. Total Deductions. The sum of lines 8 through 13, column 2 and column 3.

Line 15. Net premiums subject to tax, column 2 NH basis, column 3, state of domicile basis.

Line 16 Tax on premiums, 2% of line 15 with **a minimum of \$200**, NH basis. Line 16 column 4 is total tax due on domiciliary state basis.

Line 17. Retaliatory Tax. Line 16 column 4 less line 16 column 2, **But not less than zero.**

Line 18. Total premium tax. The sum of line 16, column 2 and line 17, column 4.

Line 19. Amounts paid in accordance with RSA 281-A:59: Workers Compensation Administrative Assessment are to be deducted here. **The amount of the credit may not reduce line 20 below \$0.**

Line 20. Premium tax after deducting the workers compensation administrative assessment credit, **but not less than zero.**

Line 21. NH Business Enterprise Tax paid in accordance with RSA 77-E may be deducted from the amount remaining on Line 20. **This credit may not reduce the amount on Line 22 below \$0.** Only those amounts incurred during calendar year 2004 may be deducted on this return. Any excess BET not deducted on this form must be applied in accordance with RSA 400-A:34-a.

Line 23. Premium tax due after WC Admin Assess and NH Business Enterprise Tax but not less than zero.

Line 24. Other Taxes Payable from page 2, line 15.

Line 25. Assessments Payable from page 2, line 28.

Line 26. Total Tax Payable – the sum of lines 23 through 25. This is the company's total tax liability for calendar year 2005. **If this amount is \$40,000 or more, the company is required to make tax payments via EFT.**

**If the company is a member of an NAIC group having total tax liability of \$40,000 or more, all companies in that group are required to make tax payments via EFT.**

## **PAYMENTS AND CREDITS**

Line 27a. Cash Payments Applied to Estimated Tax

Overpayment March 15, 2005 net of refund and CY 2005 fees.

**Any overpayment from March 15, 2005 should first be reduced by filing and annual license fees** for calendar year 2005, unless these fees were separately paid. The overpayment on line 29 of the 2004 premium tax return should first be reduced by the **total of lines 31 and 32 plus any refund provided to the company.**

Only the portion of the March 15, 2005 cash payment that was applied to estimated tax due March 15, 2005 should be entered here under the March 15 estimate. Cash payments for June 15, 2005, September 15, 2005 and December 15, 2005 should also be entered in the appropriate place.

## **COMMUNITY DEVELOPMENT FINANCING AUTHORITY (RSA 162:L-10)**

Line 27b. The credit arising from amounts contributed in accordance with the NH Community Development Financing Authority should be included on this line. **Any credits applied without supporting documentation will be denied.**

## **LIFE AND HEALTH INSURANCE GUARANTY FUND ASSOCIATION OF 1996 (RSA 408-B:13)**

Line 27c. 20% of Class B assessments made under the Health Insurance Guaranty Assessment Act of 1996 may be included on this line. Only **Class B assessments made in accordance with RSA 408-B** may be included on this line. **Any credits applied without supporting documentation will be denied. Please refer to germane portions of the law included in the appendix at the end of these instructions.**

**OTHER APPROVED CREDITS**

Line 27d. Other Approved Credits. This line should be used for any other "pre-approved" credits to premium tax. ***There should be no credits on this line that have not been "pre-approved" by the New Hampshire Insurance Department.***

***DO NOT use this line to make adjustment for prior year's premium tax or to include deductions or credits properly applied to a prior calendar year return. These items should be filed with the Department separately from the calendar year 2005 premium tax return.***

Line 28. Total lines 27a through 27d.

Line 29. Total taxes payable is equal to total tax liability, line 26 less total payments and credits, line 28.

Line 30. Prepayment due March 15, 2006. Line 26 if \$400 or less with a minimum of \$200, otherwise 25% of line 26.

Line 31. Total filing fees from page 2, line 4.

Line 32. Total license fees from page 2, line 1.

**BALANCE DUE (OVERPAYMENT) MARCH 15, 2006**

The sum of Lines 29, 30, 31, and 32. This amount is due on or before March 15, 2006.

*If payment is made by check, the check should accompany the hardcopy premium tax form or forms. If paid by EFT, the EFT must be made in accordance with instructions provided by this Department.*

**REFUNDS**

Should the company have an overpayment on Line 33, the NH Insurance Department will apply this overpayment to prepayments due during 2006. If a credit balance remains after having been applied to all prepayments, a refund will be issued prior to June 30, 2006. If the company qualifies for a refund, please make no further prepayments during 2006 without first contacting the NH Insurance Department.

**TOTAL AMOUNT PAID**

Enter the total amount paid at the time of filing this return.

**ALL TAX FORMS WITH INSTRUCTIONS ARE AVAILABLE ON OUR WEB SITE:  
[WWW.NH.GOV/INSURANCE/](http://WWW.NH.GOV/INSURANCE/)**

**ADDITIONALLY, OUR WEB SITE CONTAINS ANSWERS TO FREQUENTLY ASKED QUESTIONS AND I STRONGLY URGE YOU TO USE THIS FACILITY, SINCE THIS IS A BUSY TIME FOR ALL OF US. HOWEVER, IF YOU MUST CALL, I CAN BE REACHED AT (603) 271-7973 EXT 212.**

**MY E-MAIL ADDRESS IS: [JANET.COLBY@INS.NH.GOV](mailto:JANET.COLBY@INS.NH.GOV)  
THE INSURANCE DEPARTMENT'S FAX NUMBER IS: (603) 271-1406**

**Janet B. Colby  
Taxation Officer**

**RSA 408-B LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OF 1996**  
**EFFECTIVE DATE: JANUARY 1, 1996**

**RSA 408-B:4 DEFINITIONS**

VII: "Insolvent insurer" means a member insurer which on or after January 1, 1996, is placed under an order of liquidation by a court of competent jurisdiction with a finding of insolvency.

**RSA 408-B:9 ASSESSMENTS**

II(b): Class **B assessments** shall be made to the extent necessary to carry out the powers and duties of the association under RSA 408-B:8 with regard to an impaired or an insolvent insurer.

**RSA 408-B:13 ASSESSMENT TAX CREDIT**

1. A member insurer may offset against its tax liability under RSA 400-A any assessment described in RSA 408-B:9, II(b) for the **life insurance and annuity account, and for the health account for guaranteeing the performance of contractual obligations of an impaired or insolvent insurer in regard to disability income coverages only**, to the extent of 20 percent of the amount of the assessment for each of the 5 calendar years following the year in which the assessment was paid. If a member insurer ceases doing business, all unaccredited assessments described above may be credited against its tax liability under RSA 400-A for the year it ceases doing business.

II. Any sums acquired by refund from the association by member insurers, as stated in RSA 408-B:9, VI, and which were previously offset against taxes as described in paragraph I, shall be paid by these insurers to the state of New Hampshire in the manner required by the commissioner. The association shall notify the commissioner that refunds have been made.

**This law provides an effective date of January 1, 1996. Only those Class B assessments for insolvencies occurring on or after January 1, 1996 are affected by this law.**

**For insolvency's occurring on or after January 1, 1996, 20% of the assessment may be credited against premium tax beginning the calendar year following the year in which the assessment was paid. The earliest credit will be allowed as an offset against premium tax for calendar year 1997.**

**ANY ASSESSMENTS MADE UNDER RSA 404-D ARE NOT ELIGIBLE CREDITS AGAINST PREMIUM TAX.**